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Automotive News

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Korea's Kia adds huge capacity, eyes U.S.

By Oles Gadacz
STAFF CORRESPONDENT

SEOUL, South Korea — Kia Motors Corp. has embarked on a bold $1.6 billion plan to produce 600,000 additional vehicles annually — two-thirds destined for export, many to the United States.

The move could provide an opportunity for Ford Motor Co. — which owns 10 percent of Kia and sources the Festiva from South Korea — to import more vehicles from the country. But a Ford spokesman said Kia's expansion plans are unrelated to its links with Ford.

At the same time, there are reports that the South Korean automaker is considering a plan to take a more direct role in selling its cars in the United States.

Construction begins next month and the facility is expected to enter operation in stages. The plant will be built in Asan, an industrial complex 90 minutes outside Seoul on the country's west coast.

By 1991, when all phases are scheduled to be completed, Kia's total production capacity will be 900,000 units.

Kia will invest about 1.3 trillion won (about $1.6 billion) in this project, its second plant. Kia sources said that 850 billion won, including $184 million in foreign exchange, will be poured into the new plant to reach the first stage of production (300,000 units). An estimated 400 billion won will be invested after 1989 to increase production capacity by an additional 300,000 units.

Kia's Sohari plant on the southern outskirts of Seoul has a capacity of 300,000 units. Pride subcompacts, Concord compacts and Besta vans are built there.

In the United States, Ranjan Pal, an economist specializing in Korea for Wharton Econometric Forecasting Associates, of Bala Cynwyd, Pa., said he was not surprised by the plans. Given the phenomenal rate of growth in the Korean auto industry, 600,000 additional units by 1991 is not out of the question, he said.

He estimated that 75 percent of the exports could be targeted for North America, with the balance going to Europe and Japan.

The export ambitions will be coming at a

see KIA, page 34

Chrysler offers perks on used cars

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

New-car incentives can chill the used-car market, so Chrysler Motors has lighted a fire to boost sales of its second-hand vehicles: loan incentives similar to those on new cars.

The automaker announced a raft of cut-rate loans through Chrysler Credit Corp. for factory-owned used vehicles sold to dealers. Loans are as low as 7.7 percent with terms as long as 60 months.

Used-car sales have gained importance for manufacturers since the advent of buyback programs from daily rental companies.

Under the buyback system, blocks of cars are sold to daily rental agencies then repurchased months later at the sale price less depreciation.

Vehicles then are sold to factory dealers at closed auctions. Chrysler is expected to sell 130,000 executive and programmed vehicles in 1988 at factory-controlled sales.

Ford Motor Co. expects to dispose of 150,000 such vehicles at closed auctions this year, and General Motors' programmed and executive vehicle sales will top 240,000.

"This is not a big program and is confined to dealers within the

see USED CARS, page 37

HE'S IN

HE'S OUT

TV LEE: *Iacocca wants to bid goodbye to role as television pitchman*

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

Lee Iacocca's announcement that his most recent television commercials may be his last as Chrysler Corp.'s chief spokesman could mark the end of an era of automotive advertising.

The man who told American car buyers, "If you can find a better car, buy it!" and put public confidence behind a failing Chrysler in the early 1980s said he wants to retire from his seven-year role as pitchman. The Chrysler chairman said the long hours of filming and his feeling that he has become overexposed are contributing factors.

"I think people are tired of me coming into their living rooms," Iacocca told Automotive News during a rare interview at the National Automobile Dealers Association convention in San Francisco two weeks ago.

Earlier, the auto executive joked with reporters gathered in New York for the company's 1987 earnings results: "I'd like to retire while I'm behind."

Iacocca has appeared in 46 television

see TV LEE, page 33

Angry UAW girds to fight Chrysler on Acustar sale

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

Chrysler Motors Chairman Gerald Greenwald will meet with the UAW Tuesday as union locals throughout the company vote on whether to authorize strikes to hamper Chrysler's attempt to sell its Acustar parts-making subsidiary.

While the possible sale of Acustar is not a legally strikeable issue, local unions are allowed to strike on a plant-by-plant basis over health and safety issues. UAW Vice President Marc Stepp warned earlier this month at a union rally that such a tactic might be used to protest the possible Acustar sale.

Such a tactic could affect production throughout the Chrysler manufacturing system within days, union sources said.

Selective strikes could begin in early March if the tactic is implemented, the sources said. However, they said it has not yet been determined if local strikes would be staggered or conducted in unison.

Representatives of all Canadian Auto Workers' locals met Friday to discuss the possible sale. CAW officials were expected to urge the company to keep Acustar within Chrysler.

Chrysler Corp. Chairman Lee Iacocca confirmed Feb. 4 that the company is negotiating to sell all or parts of the $3 billion components subsidiary. Iacocca said at that time an announcement could be made within a month.

The possible sale has angered the UAW at both the international and local level, and workers at several of Chrysler's U.S. plants last week began scheduling strike votes and actually authorizing strikes:

- UAW Local 624, which represents 2,250 workers at Acustar's New Process Gear Division in Syracuse,

see ACUSTAR, page 37

GENEVA

New VW Passat, Toyota Carina II, Fiat Tipo to compete for spotlight

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

GENEVA — The stepped-up battle between Volkswagen AG and Fiat S.p.A. for top position in the record-blazing European market will be the focus of next week's Geneva auto show.

Volkswagen will present an all-new replacement for the Passat (Quantum), a crucial mid-range entry that will go to the United States early next year.

Fiat offers the first international glimpse of its new Tipo subcompact, which was developed at a cost of $1.6 billion.

see GENEVA SHOW, page 34

New VW Passat goes to U.S. early next year

Hyundai Canada guilty of predatory pricing

By Geoff Sundstrom
AUTOMOTIVE NEWS STAFF REPORTER

Hyundai Auto Canada has been found guilty of selling the Excel, Pony and Stellar models in Canada at as much as 31.8 percent below their prices in Korea.

The antidumping case, which was filed by Ford Motor Co. of Canada and General Motors of Canada, now awaits a determination of injury by the Canadian Import Tribunal. That decision must be made by March 23.

The Canadian Antidumping Tribunal on Friday found Hyundai has been selling the Excel model in

see HYUNDAI, page 37

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ord Mexico strike could hurt Tempo/Topaz Page 2

Iacocca eyes defense work for Kenosha Page 3

U.S. indicts 5 ex-Pontiac aides in warranty case Page 37

Ford workers in line for $3,700
Ford Motor Co.'s chief financial officer Stanley A. Seneker congratulates line worker Henry Windham after 1987 profit-sharing figures were announced Friday at the Michigan Truck plant, Wayne, Mich. Ford's record $4.6 billion in 1987 earnings will bring profit-sharing checks worth an average of $3,700 to hourly and salaried employees. Last year, workers received about $2,200.

AUTOMOTIVE NEWS-JOE WILSSENS

NEW FOR L-M: *Division to get version of '90 Escort replacement*

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

Lincoln-Mercury will offer a version of the subcompact codenamed CT20 that is scheduled to replace the Ford Escort in 1990.

Sources close to Ford said Mercury's model will take the place of the Tracer. Tracer joined the Mercury lineup last year when the Lynx, a twin of the Escort, was dropped.

Thomas Wagner, who will leave Lincoln-Mercury's top job this month to take over as general manager of Ford Division, confirmed the plans.

He said Ford dealers will get a two-door hatchback while Mercury will carry a four-door sedan. Both divisions will sell station wagons. In addition, there will be a significant variation in sheet metal between the Ford and Mercury cars, Wagner said.

Ford is developing the CT20 with Mazda and will produce the car at its Wayne, Mich., assembly plant. The company has begun work on a new stamping plant next door.

Escort is also built in Edison, N.J. The Tracer sold by U.S. dealers is assembled in Hermosillo, Mexico. Wayne and Edison are among four Ford assembly plants in the United States and Canada not producing on double shifts.

There have been reports that CT20s will be produced in Hermosillo as well as Wayne. Ford has not indicated, however, where the second plant will be. Company officials said recently that production is scheduled to begin in early 1990.

Makers' grades slip

Dealers less satisfied in '87, survey says

AGOURA HILLS, Calif. — Automotive newcomers Hyundai, Daihatsu, Range Rover and Acura top the latest J.D. Power and Associates ranking of auto firms that best satisfied their dealers.

In general, dealers ranked their makers' performances a bit lower than 1986 — probably because dealers' expectations are rising as they acquire more franchises and see how other makers conduct business, said Philip Wade, director of strategic planning for the automotive marketing and consulting firm. More than two-thirds of the dealers surveyed last year held more than one franchise.

New makers generally enjoy a honeymoon with their dealers, so the rosy reports from newcomers Range Rover and Daihatsu — as well as Sterling, which was ranked below the industry average by its dealers — should not be compared with results from other makers, the study said.

Only six of the 28 makes tracked in both 1986 and 1987 improved their dealer satisfaction indices last year.

Asian brands squeaked ahead of European lines, largely because of the Asian makes' high rankings in sales and service support and an improvement in the business terms category, particularly in prompt payment of warranty claims and fairness of sales planning potential, the Power report found. However, dealers gave the Asian makes lower ratings for service representatives' competence, availability and fulfillment of commitments.

Domestic makes' key weakness again last year was in manufacturer service support, with General Motors having the greatest losses.

European makes, too, declined in service support. Dealers gave their makes lower ratings for handling customer complaints, service training and the competence and availability of service representatives.

Although Mitsubishi was not ranked for 1986 because of its low dealer base, it would have been at the top of the heap, with an index of 118. The company hit the 115 mark in 1987.

The precipitous fall in rank by Jaguar was due largely to startup problems with its new model, Wade said. Merkur's index dropped even more than Jaguar's, but its dealers' ratings fell off across the board.

The latest survey was conducted from the last week of August to the first week of October. Results were published in the February issue of The Power Report on Automotive Marketing.

SO-SO SATISFIED
Dealers rank the factories

1987 Pos.	1986 Pos.		1988 DSI	1987 DSI
1	—	Hyundai	—	119
—	—	Daihatsu	—	118
—	—	Range Rover	—	118
2	—	Acura	—	117
3	—	Mitsubishi	—	115
4	2	Mazda	112	112
4	1	Saab	118	112
6	9	Mercedes-Benz	106	111
7	3	Honda	111	110
8	5	Toyota	109	109
9	4	Volvo	110	108
10	6	Audi	108	105
11	12	BMW	102	104
11	8	Isuzu	107	104
11	—	Suzuki	—	104
14	20	Ford	102	103
15	11	Lincoln-Mercury	103	102
15	16	Nissan	101	102
17	16	Dodge	101	100
17	12	Porsche	102	100
19	12	Chrysler-Plymouth	102	99
20	6	Merkur	108	98
20	—	Yugo	—	98
22	19	Cadillac	99	97
—	—	Sterling	—	97
22	12	Volkswagen	102	97
24	23	Buick	97	96
25	18	Oldsmobile	100	95
25	24	Peugeot	96	95
25	20	Pontiac	98	95
28	20	Chevrolet	98	94
29	10	Jaguar	105	92
30	25	GMC	92	89
30	27	Subaru	85	89
31	28	Jeep	86	81
32	29	AMC-Renault	74	79
1	2	Avg. Asian Brands	104	106
2	1	Avg. Euro. Brands	105	103
3	3	Avg. Dom. Brands	98	98
—	—	Avg. All Brands	100	99

SOURCE: J.D. Power and Associates

Three officials quit NADA posts; two will take jobs with Toyota

WASHINGTON — Three veteran staff members of the National Automobile Dealers Association resigned last week.

Two are joining the Washington office of Toyota Motor Sales, U.S.A. Robert Wade, NADA's chief counsel and executive director of the legal group, and Earl Quist, director of industry affairs, will assume new government relations posts on Toyota's Washington staff in March. They will report to Doug Smith, Toyota's manager of government and industry relations.

Wade joined NADA in 1980, while Quist has been with the organization 12 years.

As part of a reorganization of Toyota's Washington office, the pair will take over the duties of Robert Daly, Toyota's manager of industry affairs, who has been promoted to national manager of service operations at the company's Torrance, Calif., headquarters.

In another development, Louis V. Priebe, NADA's director of public relations, resigned over policy differences to pursue other professional interests.

Priebe joined NADA in January 1983 after having worked in public relations positions at the American Automobile Association and the Motor Vehicle Manufacturers Association.

Iacocca sees hope of defense work for Kenosha plant

By Geoff Sundstrom and Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTERS

WASHINGTON — Doing what he does better than anyone else, Chrysler Chairman Lee Iacocca came to Washington last week to work a deal between his company and the government.

In roughly two hours, he raised the possibility of briefly extending M-body production at the Kenosha, Wis., plant; forestalled the threat of a lawsuit against Chrysler by the state of Wisconsin; and took a big step toward winning new defense business for two Chrysler subsidiaries.

Iacocca met here Thursday with Rep. Les Aspin, D-Wis., chairman of the House Armed Services Committee, and Wisconsin Gov. Tommy G. Thompson to try to salvage the future of 5,500 workers at Chrysler Motors' Kenosha assembly and stamping plants. Those workers had been told they will lose their jobs at the end of the 1988 model year when Chrysler closes the former American Motors complex.

The Washington meeting, described by both sides as "vocal" and "testy," produced these results:

- Iacocca said he will review extending briefly production of the M-bodied Chrysler Fifth Avenue, Dodge Diplomat and Plymouth Gran Fury beyond the planned September shutdown. However, he indicated an extension would be unlikely to last beyond the fall.

He said a big factor will be the number of police fleet orders Chrysler receives for the V-8, rear-wheel-drive cars.

The company also said the planned transfer of the Dodge Omni America and Plymouth Horizon America from Kenosha to the Jefferson Avenue assembly plant in Detroit remains scheduled for July.

- Iacocca said Chrysler is attempting to win defense contracts through its Gulfstream Aerospace Corp. and Electrospace Systems Inc. subsidiaries, which may result in defense work for Kenosha.
- Chrysler will try to attract some of its suppliers to Kenosha. Iacocca noted the plant's skilled workforce could be a major lure.
- Thompson announced Wisconsin will hold its lawsuit against Chrysler in abeyance pending the outcome of negotiations with Chrysler.
- Thompson asked UAW Local 72 in Kenosha to "go to the table with Chrysler" to settle the Employee Investment Plan issue and work out a plan for the award of retirement benefits and funds from the union's job bank. The investment plan involves repayment of concessions granted by workers in their 1982 labor agreement with AMC.
- Aspin, whose House committee oversees the Defense Department, said he will look into the possibilities of Chrysler doing defense work in Kenosha. Aspin is better positioned than almost any member of Congress to influence defense contracts.

Aspin said he was willing to explore the possibilities with Chrysler, especially with regard to the stamping and engine plants. Iacocca and Aspin declined to speculate on the kind of defense work Kenosha might qualify for.

Thompson, Iacocca and Aspin said they will look at an "economic development plan for the whole region".

Iacocca said one of the issues of the Thursday meeting was worker pension benefits and health care plans. Iacocca noted that 1,800 employees are eligible for pension benefits and that health care benefits will be extended for several months beyond the plant's closing date. He acknowledged, however, that 3,700 people will remain jobless when the plant closes.

The meeting in Washington followed by two days an announcement by Iacocca that Chrysler will donate all profits from 1988 vehicle sales in Wisconsin to a trust fund for workers left jobless by the Kenosha closing.

The Chrysler-Kenosha Trust, expected to total about $20 million, will be used to pay housing, educational and other expenses for the 5,500 workers potentially displaced.

The program is in addition to Chrysler's contractual obligations such as severance pay and extended benefits.

Iacocca last week said the company was not setting a precedent but was recognizing a "moral obligation" in Kenosha.

Iacocca said Chrysler raised expectations in Kenosha when it decided to build two models in the plant and that the company was "guilty as hell of being cockeyed optimists."

"Blame us for being dumb managers, for spending $200 million to put two old cars in an 86-year-old plant, but please don't call me a liar when I've got to close it sooner than I thought," Iacocca said.

Iacocca described Chrysler as not a "villain" but a "victim" of unfair trade policies.

Iacocca, who described the trust fund as unique, said the $20 million estimate was based on an average $506 net profit on each vehicle sale in 1987. Sales totaled about 40,000 units in Wisconsin last year.

The trust will be administered by a seven-member board to which Chrysler will appoint one member.

Iacocca said Wisconsin dealers are pleased with the program and had sought relief from the company after the closing announcement Jan. 27. Dealers within "a hundred-mile radius of Kenosha were taking a beating," Iacocca said.

The International UAW said it "welcomed" Chrysler's establishment of a trust fund and the company's "accountability" to communities such as Kenosha.

However, Rudy Kuzel, president of UAW Local 72, which represents workers at the plant, termed the program "the mistrust fund" and said the local seeks "jobs, not charity."

"Iacocca breaks a commitment to the state of Wisconsin and the community of Kenosha, throws 5,000 people out of work, causes an estimated $1 billion in damage to the state economy and turns it into a scheme to sell cars," Kuzel said. "He's got to be the greatest car salesman in the world."

Kuzel also criticized Iacocca for blaming the plant closing on foreign competition.

"I'm really bored with this 'slap-a-Jap' campaign Iacocca and the international UAW run every time a plant closes," Kuzel said.

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Ford tallies record profits, out-earns GM again

By Edward Lapham
AUTOMOTIVE NEWS STAFF REPORTER

Ford Motor Co. finished 1987 with a bang. The automaker posted record profits for the October-December period as well as for the entire year, and in the process out-earned General Motors for the second consecutive year.

Ford's net earnings for 1987 totaled $4.63 billion, an increase of 41 percent over the $3.29 billion it reported for 1986. GM earned $3.55 billion last year and $2.94 billion in 1986.

Earnings per share in 1987, adjusted to reflect the company's 2-for-1 stock split, equaled $9.05 per share compared with $6.16 per share in 1986.

The 41 percent earnings improvement was derived from total 1987 sales that increased just 14 percent, to $71.64 billion from $62.72 billion in 1986.

In the fourth quarter, Ford reported net earnings of $932 million, or $1.87 a share, on sales of $18.76 billion. That compared with 1986 fourth-quarter net earnings of $785 million, or $1.50 a share, on sales of $16.26 billion.

Ford made its money in a very traditional way: on car and truck sales, primarily in the United States, although the company reported improved penetration in most major markets in 1987. Its total worldwide vehicle factory sales reached 6,115,288 last year, 2 percent more than the 5,984,081 reported for 1986.

"The entire Ford team deserves the credit for the company's success," the company said in a statement attributed to Chairman Donald E. Petersen and Vice Chairman Harold A. Poling.

The statement credited "the joint effort by employes, suppliers and dealers" in bringing Ford's products to consumers as "the key to 1987 results."

Some 90 percent of the company's $1 billion earnings improvement came from operations in the United States, where earnings were $3.44 billion in 1987 compared with $2.46 billion in 1986.

Outside the United States, Ford earned $1.18 billion, compared with $825 million in 1986. Ford said higher profits in Europe and Asia-Pacific operations were partially offset by less favorable results in Latin America, where weak economic conditions in Brazil as well as startup costs for the Autolatina joint venture with Volkswagen in Brazil and Argentina hurt profits.

The company said that in the United States, its share of the car market rose to 20.2 percent from 18.2 percent in 1986, while truck-market penetration rose to 29.1 percent from 28.1 percent.

In Canada, Ford said its car-market penetration improved to 18.1 percent from 17.2 percent while its truck market share increased to 30.8 percent from 29.7 percent.

In Europe, Ford said its share of the car market rose to 12.1 percent from 11.8 percent while its truck share increased to 10.7 percent from 9.6 percent.

Although there was no question that Ford's main strength in 1987 was automotive, its non-automotive subsidiaries buoyed earnings, adding net profits of $1.66 per share in 1987 compared with $1.48 per share in 1986.

The company said Ford Credit earned a record $679 million last year, up 11 percent from $611 million in 1986. Elsewhere in the Ford financial services group, there were some difficulties, however.

The company's San Francisco-based thrift institution, First Nationwide, sustained a 38 percent decline in earnings to $63 million from $102 million, which the company attributed to "costs associated with its expansion program and lower net interest margins."

Oddly, the company reported that last year's adoption of FASB (Financial Accounting Standards Board) Standard No. 87, dealing with accounting for pensions, increased net income by $148 million, or 29 cents a share. Most corporations had expected the new standard to hurt their balance sheets.

Last year, Ford reported increased capital spending — $3.61 billion compared with $3.35 billion in 1986.

Ford's year-end balance sheet looked even stronger than it did one year earlier, as the company reduced its debt-to-equity ratio to 1.43 to 1.00 from 1.55 to 1.00 at the end of 1986.

At Dec. 31, 1987, the company had a liquid asset pool that included $10.1 billion in cash and marketable securities. One year earlier, that pool was about $8.6 billion.

During the year, Ford reduced its long-term debt from $2.1 billion to $1.8 billion; reduced capital stock from 536.8 million shares to 507.5 million shares through a buyback campaign; and boosted year-end shareholder equity to $18.49 billion, or $36.44 per share, from $14.86 billion, or $27.68 per share one year earlier.

Profits rise for Big 3; '87 2nd best

By Edward Lapham
AUTOMOTIVE NEWS STAFF REPORTER

The Big 3 automakers made a killing in 1987.

Together, they reported year-end profits of nearly $9.47 billion on sales of just over $200 billion.

That compares with 1986 profits of $7.62 billion on sales of $188.5 billion.

The record earnings year was 1984 when the Big 4, including an autonomous American Motors, earned $9.82 billion on sales of $160.1 billion.

In other words, the Big 3 in last year's tough domestic market squeezed out nearly $2 billion more in profits than they did the previous year, just missing a new record.

Along the way, they raised their profit margin to 4.73 percent in 1987 from 4.04 percent in 1986.

The improvements were accomplished in a variety of ways. Ford, with 48.86 percent of the profits on just 35.81 percent of dollar sales — mopped up in the primary business of selling cars and trucks.

Ford posted improved penetration in most of its major markets and spiffed its operating efficiencies for its record results.

GM, with 37.51 percent of the profits on 50.88 percent of total Big 3 dollar sales — relied on non-automotive units for earnings punch.

General Motors Acceptance Corp. contributed $1.5 billion in profit while Electronic Data Systems Corp. kicked in another $323 million and GM Hughes Electronics Corp. contributed $670 million. Those non-automotive units provided about $2.49 billion of GM's net earnings of $3.55 billion.

Chrysler, which swallowed AMC last year, was more balanced. Chrysler accounted for 13.63 percent of industry profits and 13.31 percent of total sales.

The company improved its penetration in U.S. and Canadian markets to bolster automotive earnings. Meanwhile, its equity in the earnings of unconsolidated subsidiaries was $348.9 million, or about 27 percent of its total.

BIG 3 RESULTS

FOURTH QUARTER
(In millions of dollars)

	1987 SALES	1987 PROFIT	1986 SALES	1986 PROFIT
Chrysler Corp.	$ 7,754.8	$ 350.8	$ 6,048.3	$ 324.2
Ford Motor Co.	$ 18,758.0	$ 932.0	$ 16,272.0	$ 785.0
General Motors	$ 23,378.3	$ 835.8	$ 25,527.3	$ 382.3
TOTAL	$ 49,891.1	$2,118.6	$ 47,847.6	$1,491.5
YEAR				
Chrysler Corp.	$ 26,631.5	$1,289.7	$ 22,977.5	$1,389.2
Ford Motor Co.	$ 71,643.4	$4,625.2	$ 62,715.8	$3,285.1
General Motors	$101,781.9	$3,550.9	$102,813.7	$2,944.7
TOTAL	$200,056.8	$9,465.8	$188,507.0	$7,619.0

NEW AUDIS: *Revamped 5000 due in July; coupe, 20-valve engine on tap*

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

TROY, Mich. — Audi of America's updated and renamed version of the Audi 5000 will be introduced this July, to be followed by several other product developments within the ensuing year.

The company's schedule calls for a 20-valve, five-cylinder engine for the Audi 90; a new Audi coupe, also with the 20-valve engine; and a pricey V-8 sedan.

Audi AG had outlined plans for some of those products last summer, but the timetable has since been juggled. The company had also talked of a sports version of the 80/90 model. To date, however, no production plans have been set.

The successor to the Audi 5000, to be called the Audi 100/200, will feature a more luxurious interior than the current model. On the outside, things will essentially stay the same.

Audi will beef up the Audi 90 Quattro with a five-cylinder, 20-valve engine. It is expected early next year, a spokesman said. The 162-horsepower engine had been planned for the 90 from the start but it wasn't ready for last fall's U.S. debut. Audi's 2.3-liter, five-cylinder powertrain — on which the multi-valve version is based — has been used in the interim.

The 20-valve engine is expected to make its way into other Audi products. One of those will be the new Audi coupe, expected to reach the U.S. market in spring 1989. Its predecessor was dropped last fall.

The new model will be derived from the current 80/90 body but will be five inches shorter. It goes on sale in Europe this fall.

Also due next spring is the 32-valve V-8-engined four-door sedan. The car will mark a step into the $50,000 range for Audi and will assume the ranking of Audi's flagship model. Its 3.6-liter engine will kick out 250 horsepower. No name has been selected.

The spokesman said the schedule could change.

Dealers hope for gains from Buick Daytona win

By Arthur Flax
AUTOMOTIVE NEWS STAFF REPORTER

Did Bobby Allison's Daytona 500 win in a Buick Regal on Sunday sell cars on Monday?

Reports are mixed from dealers in the Southeast, where interest in stock car racing is strongest, but Buick is apparently convinced that its involvement in the NASCAR Winston Cup series of top-level stock car races is well worth the effort. Allison's Regal captured the checkered flag at Daytona Feb. 14.

Although there is no hard data to support the notion that racing sells cars, there are strong indications, according to Joseph Negri, manager of Buick Special Products.

When Buick's Regal won the NASCAR manufacturer's championship in 1981 and 1982, Regal sales as a percentage of the Buick line were greater in the Southeast than in any other U.S. area.

Chevrolet has won the manufacturer's championship for the last five years. Sales of its Monte Carlo SS model, with aerodynamic aids developed for Winston Cup races, seem to reflect the value of racing.

When the Monte Carlo SS was introduced in 1983, it accounted for 4,714 units, or 4.9 percent of Monte Carlo production that year. In 1987, Chevrolet sold 39,251 SS versions of the 79,045 Monte Carlos it built.

The outside appearances of Winston Cup race cars strongly resemble production models, but each is completely different under the skin. The Regal race car, for example, is rear-drive and V-8 powered while the production car carries front-wheel drive and a V-6.

In an informal Automotive News survey, the Buick dealers contacted did not report a strong link between Regal sales and its Daytona 500 success, but most agreed that racing victories do help sell the product.

Lloyd Buick-Cadillac in Daytona Beach, Fla., sold six Buick Regals during the three days following the race, according to Al Chubb, Buick sales manager. In the 13 days prior to the race, the dealership sold six Regals.

"Two sales were directly as a result of Bobby's win . . . both were performance-minded customers," Chubb said.

One customer was in his mid-30s and the other in his early 40s, while the average age of shoppers at the dealership is about 65, Chubb estimated.

The Buick Motorsports trailer, a rolling exhibition of Buick-powered race cars, appeared at the dealership on Feb. 5, about a week before the race. A Bobby Allison Regal was part of the exhibition.

The appearance of the performance cars is usually tied to major races and is one of Buick's top dealer promotions, Negri said.

Upgraded handling packages with larger alloy wheels are particularly popular, Chubb said. Although the Regal is not a high-performance car, "People like the look of the Regal and are willing to sacrifice performance for style," particularly when customers consider the high insurance rates charged on performance cars, he said.

In Huntsville, Ala., Century Buick Co. failed to see an increase in Regal business because of the Daytona 500 win, said Ben Gilliland, used-car manager.

He predicted that racing success will have some "halo effect" on sales.

At Tony Moore Buick-GMC in Decatur, Ala., Tommy Smith, Buick sales manager, said, "We haven't noticed a great difference in Regal sales. Sales have been going fairly well anyway."

At Yarborough Pontiac-Buick in Jonesville, N.C. (no relation to race driver Cale Yarborough), sales manager Larry Patterson said, "We haven't closed a sale yet, but there is a lot of interest in the Regal."

At Folger Buick in Charlotte, N.C., John Ramantanin, sales manager, said racing victories help — if not immediately, then over the long haul.

Bill Wakefield, of Wakefield Buick in Spartanburg, S.C., said turnout last Wednesday was good. "I haven't seen any rush of customers yet, but today we have more people looking at Regals than before. Looking out my window, I see three couples are looking at Regals. We have ads coming out that tie racing with the Regal."

January truck sales by manufacturer and segment

		14,000 & LESS GVW CLASS 1-3	14,001-16,000 GVW CLASS 4	16,001-19,500 GVW CLASS 5	19,501-26,000 GVW CLASS 6	26,001-33,000 GVW CLASS 7	33,001 & OVER GVW CLASS 8	TOTAL 1988	TOTAL 1987
CHRYSLER	MO	51,550						51,550	37,626
	YR	51,550						51,550	37,626
JEEP	MO	16,555						16,555	16,401
	YR	16,555						16,555	16,401
TOYOTA	MO	18,584						18,584	18,403
	YR	18,584						18,584	18,403
NISSAN	MO	15,073						15,073	15,894
	YR	15,073						15,073	15,894
MAZDA	MO	8,319						8,319	8,356
	YR	8,319						8,319	8,356
ISUZU	MO	7,010						7,010	5,848
	YR	7,010						7,010	5,848
MITSUBISHI	MO	3,957						3,957	2,905
	YR	3,957						3,957	2,905
SUZUKI	MO	5,292						5,292	5,662
	YR	5,292						5,292	5,662
SUBARU	MO	2						2	264
	YR	2						2	264
RANGE ROVER	MO	246						246	0
	YR	246						246	0
FORD	MO	102,623	591		705	2,315	855	107,089	83,841
	YR	102,623	591		705	2,315	855	107,089	83,841
FREIGHTLINER	MO						1,741	1,741	1,193
	YR						1,741	1,741	1,193
CHEVROLET	MO	91,490		7	717	624	52	92,890	66,804
	YR	91,490		7	717	624	52	92,890	66,804
GMC	MO	20,105		369	1,333	426	272	22,505	22,071
	YR	20,105		369	1,333	426	272	22,505	22,071
KENWORTH	MO					9	1,011	1,020	900
	YR					9	1,011	1,020	900
MACK	MO				152	202	1,066	1,420	1,372
	YR				152	202	1,066	1,420	1,372
MERCEDES	MO				54	133		187	235
	YR				54	133		187	235
NAVISTAR	MO		16	45	1,430	2,537	2,599	6,627	5,465
	YR		16	45	1,430	2,537	2,599	6,627	5,465
PETERBILT	MO					10	897	907	593
	YR					10	897	907	593
VOLVO	MO					86	676	762	746
	YR					86	676	762	746
HINO	MO			39	36	67		142	101
	YR			39	36	67		142	101
NISSAN DIESEL	MO			48	31	68		147	116
	YR			48	31	68		147	116
ISUZU TRUCK	MO	167		10	8	4		189	356
	YR	167		10	8	4		189	356
MITSUBISHI FUSO	MO	51		1	10	29		91	25
	YR	51		1	10	29		91	25
SCANIA	MO						7	7	23
	YR						7	7	23
IVECO TRUCKS	MO	63	20	15	25			123	146
	YR	63	20	15	25			123	146
WESTERN STAR	MO						185	185	79
	YR						185	185	79
OTHER DOMESTICS	MO				3		53	56	66
	YR				3		53	56	66
GRAND TOTAL	MO	341,087	627	534	4,504	6,510	9,414	362,676	295,780
	YR	341,087	627	534	4,504	6,510	9,414	362,676	295,780
1986 YR to DATE		276,910	0	1,007	2,735	7,168	7,960		

Class 1-3 sales data reported by individual manufacturers; Class 4-8 data reported by Motor Vehicle Manufacturers Association.

Neway has big plans for Air Beam system

By Roger Rowand
AUTOMOTIVE NEWS STAFF REPORTER

MUSKEGON, Mich. — Lear Siegler is using words like lighter, less expensive and more durable as it gets ready to introduce a new drive-axle air-ride system designed for tractors.

A test driver used words like "sweet" and "smooth" to describe the ride to a passenger in a western Michigan demonstration. He said "lateral movement" and "pitching" of the cab were sharply reduced with the product.

The company's Neway Division here said its new Air Beam suspension for Class 7 and Class 8 on-highway trucks has been under development for three years. It will be sold alongside Neway's existing air-suspension system that was introduced in 1984 and is sold as a major option by all the North American truck builders.

At 928 pounds — for a 38,000-pound GCW truck — it is 126 pounds lighter than the older suspension and is more compact. It has fewer fasteners than others and therefore can be installed and serviced more easily, said Jack Smith, Neway vice president, engineering and quality assurance.

He said the heart of the Air Beam's rigid trailing arm design is the two-pin axle connection, which is top-mounted.

"With this configuration, we provide an energy storage medium that allows the deflections necessary for inter-axle articulation and roll motions, without subjecting other components to life-shortening stress, Smith said.

"There is no torque rod and no special heavy-duty cross members, which reduces cost because there is less axle preparation and fewer pieces to be assembled."

He said the Air Beam suspension's air spring has large volume and straight sides, which help reduce the spring rate. The reduced spring rate translates into better absorption of road shock and a better ride, Smith said. Neway engineers called the low spring rate unprecedented.

"The air spring piston is now part of the equalizing beam, thus the name Air Beam. It is unique," he said.

The equalizing beam is a forging, the end support is a casting, and the air spring piston is a stamping. All are welded into the beam assembly. "This beam is intended to last the life of the vehicle with the bushings being the serviceable items," Smith said.

A leaf spring was tried instead of the forged arm but quickly showed it lacked sufficient durability, said chief engineer Bill Pierce. In laboratory cycling for durability, the Air Beam has run the equivalent of more than one million miles.

Competitive leaf spring air suspensions failed in cyclic durability tests at 81,000 and 160,000 miles, he said. Tests were stopped when the Air Beam proved over 300 percent more durable than competitive leaf spring air suspensions, he said.

Shock absorption protects electrical, air conditioning and cooling systems as well as the truck itself, Pierce said.

Gary J. Schultz, marketing manager, said the company's sales strategy calls for "pull-through" demand. It hopes that requests for Air Beam installations from truck buyers it can reach will cause truck builders to install the Neway system. It will be shown at the three major truck shows in Western Star and Marmon trucks. The shows are the Mid America, the International and TruckCan '88.

Other sales efforts include an ad campaign with a teaser, then a four-color, full-page layout, a direct-mail campaign and personal sales efforts with fleets, Schultz said.

The Air Beam suspension is warranted for five years/unlimited mileage, and air shocks and rubber parts are covered for two years/unlimited mileage, he said.

Computer-aided-design tapes will be available to truckmakers in the fall, either directly from Neway or through the International Graphic Exchange Software.

Schultz said he expects the Air Beam to be offered by all the North American truck builders, including those with proprietary air ride systems of their own.

New computer-training program to aid Cummins' factory workers

COLUMBUS, Ind. — Cummins Engine Co. purchased a new Multistation Training system from Control Data Corp., Minneapolis. Cummins also announced several new programs for its diesel engines.

The Control Data training system is a network-linked system for computer-based training in the factory environment. The system is connected to 30 IBM PC-compatible microcomputers in an on-site network.

The multi-station system installed at Cummins' engine plant in Columbus teaches tradespeople and other factory personnel math and technology skills to help them maintain, repair and operate automated control equipment.

Separately, Cummins announced the availability of National Overhaul Warranty Protection for out-of-chassis overhauls.

In addition to its three NOW plans that back special in-frame overhauls, Cummins now offers its NH/NT/NTA-855 and LT automotive engine customers an out-of-chassis Plan 4 with four alternatives for a customer's needs.

They cover crankshaft replacement, cylinder block replacement, short block installation and engine installation.

The company also said that overhaul packages with Cummins-brand parts are now available at more than 4,000 company distributors and dealers in North America. The packages include six-cylinder kits, liner kits, piston kits or ring sets as well as rod and main bearing sets, an upper gasket set and an oil pan gasket.

Cummins also offers new dual press-fit cylinder liners to provide both an upper and lower press-fit in the cylinder block for increased liner stability and movement.

Cummins also reduced the price of its five separate replacement NT flywheel housings by 41.5 percent, said John Dunn, director of parts marketing for the company.

Ford recalling 103,000 Rangers, will pay $60,000 emissions fine

WASHINGTON — Under an agrement reached with the EPA, Ford Motor Co. will recall about 103,000 Ranger pickups and pay a civil penalty of $60,000 for alleged violation of the Clean Air Act.

Ford notified the EPA last November that its Ranger trucks with 2-liter engines, built during the 1985, 1986 and 1987 model years, were made without certain components that were supposed to be part of the emission-control warning-light system. EPA rules require some makers to install the warning system to alert drivers to replace the exhaust-gas-recirculation valve at set intervals.

The valve will be replaced on the Ford Rangers after 60,000 miles at no charge to the owners. Ford said it expects to achieve a 70 percent owner response. As an incentive for owners to bring in their trucks, Ford will provide a free oil change and oil filter.

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AUCTION DATES

Chrysler Motors

Feb. 23 — Florida Auto Auction of Orlando, Ocoee, Fla.; Aptco Auto Auction, Taylor, Mich.; Riverside Auto Auction, Riverside, Calif.; Arena Auto Auction, Chicago; Hatfield Auto Auction, Hatfield, Pa.; Dallas Auto Auction, Grand Prairie, Texas; and South Seattle Auto Auction, Kent, Wash.

Feb. 24 — Southern Auto Auction, Warehouse Point, Conn.; Columbus Fair Auto Auction, Obetz, Ohio; and Nashville Auto Auction, Nashville, Tenn.

Feb. 25 — Omaha Auto Auction, Omaha, Neb.; Utah Auto Auction, West Bountiful, Utah; Indianapolis Auto Auction, Indianapolis; and Fredericksburg Auto Auction, Fredericksburg, Va.

Feb. 26 — St. Louis Auto Auction, Bridgeton, Mo.

Ford Motor Co.

Feb. 23 — South Seattle Auto Auction, Kent, Wash.

Feb. 24 — Columbus Fair Auto Auction, Obetz, Ohio; Clanton's Auto Auction, Darlington, S.C.; Mississippi Auto Auction, Hattiesburg, Miss.; Salt Lake Auto Auction, Salt Lake City

Feb. 25 — Baltimore-Washington Auto Exchange, Baltimore; Greater Houston Auto Auction, Houston; Bay Cities Auto Auction, Inc., Hayward, Calif.; and St. Louis Auto Auction, Bridgeton, Mo.

General Motors

Feb. 23 — Florida Auto Auction of Orlando, Ocoee, Fla., and Harrisonburg Auto Auction, Harrisonburg, Va.

Feb. 24 — Hatfield Auto Auction, Hatfield, Pa.; Metro-Auto Auction of Kansas City, Lee's Summit, Mo.; Minneapolis Northstar Auto Auction, Shakopee, Minn.; and Golden Gate Auto Auction, Fremont, Calif.

Feb. 25 — Butler Auto Auction, Gibsonia, Pa.; Aptco Auto Auction, Taylor, Mich.; Nashville Auto Auction, Nashville, Tenn.; Southwest Auto Auction, Phoenix, Ariz.; Denver Auto Auction, Englewood, Colo.; Big H Auto Auction, Houston; and Metro Auto Auction of Kansas City, Lee's Summit, Mo.

Used Car Sales
Auction Averages

February 1988	$5,178
Month ago	$4,463
Year ago	$5,711

Model Breakdown
Auction Averages

	FEB 1988	JAN 1988	DEC 1987
1988	$10,906	$8,839	
1987	$8,367	$8,435	$10,148
1986	$6,743	$6,516	$8,322
1985	$5,580	$5,501	$7,127
1984	$4,382	$4,349	$5,640
1983	$3,449	$3,362	$4,791
1982	$2,381	$2,303	$3,441
1981	$1,850	$1,926	$2,516
Overall Average	$5,178	$4,841	$5,898

Public auction scheduled by Mazda dealer

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

A Texas auto dealer has hired an auctioneer to clear his inventory of 40 new Mazda trucks and 30 cars in a public auction slated for March 27.

Mark Krueger, general manager of Krueger Mazda of New Braunfels, Texas, said he will auction every new vehicle he has in stock plus 30 cars he has special-ordered from Mazda for the event.

Krueger hopes to liquidate his truck inventory and increase his allocation of better-selling cars like Mazda's MX-6 and 626 by hosting the auction.

"I've had trouble getting cars from Mazda," he said. "I have one 626, two 929s and two MX-6s — I can sell 10 of each."

He plans to start the bidding on a 1988 Mazda B-2200 pickup and a 1988 Mazda 323 at $100. Bidding on other vehicles will start at dealer invoice.

The auction also will include 30 used cars.

He said a factory incentive in February and March gives dealers up to $500 per truck sold at straight invoice and should help offset low auction prices.

"If I can sell 15 trucks at a profit and the rest at cost, then the worst thing that will happen is that my allocation will be increased," said Krueger.

A third-generation auto dealer, Krueger also owns a Chevrolet dealership in New Braunfels.

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Sales war due to boost auto ad spending again in 1988

By Raymond Serafin
CRAIN NEWS SERVICE

Although many automakers are trying to hold the line on ad spending this year, competitive pressures are forcing some big ad budgets.

That includes industry leader General Motors, which is trying to reverse a disastrous 5-percentage-point loss in market share in 1987, plus a number of small marketers seeking to carve niches.

Overall automobile ad spending growth probably will not match the substantial increases of 1987, but many think the category will continue to grow faster than the ad industry average. Predictions of increases range as high as 20 percent.

A superheated competitive environment drove up ad spending beyond anyone's predictions last year, and the fight for market share is no less bloody now.

The more than three dozen automakers, along with distributors and dealers, have spent heavily to develop brand image, introduce new models and nameplates and regionalize their strategies.

No single source tracks auto spending at all levels, but a compilation of various sources suggests advertising reached $7 billion last year, with spending by importers leading the growth.

A source at one ad agency that tracks spending patterns said passenger-car ad spending in major media by factories grew 29 percent and factory-dealer co-ops went up 21 percent during the 1987 model year, to a combined total of $2.6 billion.

Those figures do not include trucks, which represent 32 percent of all vehicle sales, and they also exclude costs for direct mail, promotions, incentives and ad production.

Robert J. Coen, senior vice president — director of forecasting, McCann-Erickson, New York, said auto ad spending was up 19 percent during the first nine months of 1987, based on tracking of network and spot TV and magazines.

Tom Webb, senior economist for the National Automobile Dealers Association, said dealer ad spending rose 12.5 percent to $3.6 billion during 1987. The total includes about $1.1 billion in dealer contributions to co-op advertising, which he said is growing faster than any other aspect of dealer ad spending.

NADA's figures show that dealer per-unit spending rose 20 percent during the year, which more than offset a 7 percent decline in vehicle sales.

Coen said auto spending will be "well above" the 9 percent growth he forecasts for the entire ad industry.

Two agency sources, who asked not to be identified, were split on Coen's projection. One said his agency is expecting factory and dealer group spending increases in the 20 percent range. "And our projections over the past few years have been consistently low," he said.

The other executive was more cautious, saying that preliminary figures from the first quarter of the 1988 model year showed spending was flat. Spending for the Olympics might change that trend, but 1988 "is a hard year to gauge," he said.

If ad spending levels are off somewhat, it may in part be because Japanese importers are feeling cost squeezes. As their parent companies watch profits fall with every rise in the yen, the U.S. marketing subsidiaries are forced to defend existing marketing budgets.

"A lot of Japanese (automotive) companies are responding to the increased budgets in Detroit by looking at their established ad spending and trying to find out what to do with the numbers they have," said Leon Rosen, national marketing manager, American Isuzu Motors, Whittier, Calif.

But importers overall spent aggressively during 1987. Coen said importers' major media spending soared 47 percent in the first nine months of 1987, compared to the previous year.

Another agency source calculated a 27 percent increase in importers' total spending during the 1987 model year. According to another agency's internal estimates, importers accounted for more than 45 percent of all car ad spending during the 1987 model year, even though their market share was under 33 percent.

Those sorts of numbers leave Detroit agency executives frustrated as they try, with only modest success, to convince their clients to ante up.

"The difference is that domestic automakers regard advertising as an expense, while the Japanese importers regard advertising as an investment," said the head of one agency.

GM traditionally has spent less money per car on advertising than any of its rivals, though GM's sheer size still allowed it to muster more total ad dollars than anyone else.

GM is giving its three newest models a $100 million ad sendoff, a sign the automaker is revving up to win back some of the market share it lost last year. However, more than half of that $100 million reflects a redirection of dollars rather than new spending, sources indicate.

Ford Motor Co. and Chrysler Corp. are taking a conservative approach to spending increases, sources indicated. Both nearly went broke during the early 1980s, and they now are keeping a lid on all expenses — including ad budgets — in order to hold down their break-even points.

Crain News Service reporters Cleveland Horton in Los Angeles and Patricia Strnad in Detroit contributed to this article.

AUTOMOBILE AD SPENDING PLANS

Advertiser	'88 budget estimates	% increase
Acura	$63 million	10%
American Honda Motor Co.	137 million	5%
American Isuzu Motor Co.	62 million	5%
Audi of America	80 million	100%
Austin Rover	20 million	NC[1]
BMW of North America	75 million	NC
Buick	103 million	10%
Cadillac	42 million	5%
Chevrolet	385 million	5%
Chrysler-Plymouth	110 million	NC
Daihatsu America	5-10 million	NA[2]
Dodge	115 million	NC
Ford Division	310 million	NC
Hyundai Motor America	71 million	14%
Jeep-Eagle	125 million	14%
Lincoln-Mercury	125 million	NC
Mazda Motors of America	157 million	NC
Mercedes-Benz of North America	60 million	NC
Mitsubishi Motor Sales of America	85 million	20%
Nissan Motor Corp. U.S.A.	160 million	NC
Oldsmobile	105 million	10%
Peugeot Motors of America	25 million	67%
Pontiac	90 million	20%
Porsche Cars North America	15 million	NC
Saab-Scania of America	11 million	10%
Subaru of America	80 million	100%
Toyota Motor Sales U.S.A.	220 million	NC
Volkswagen U.S.	125 million	19%
Yugo America	40 million	100%

1 No change.
2 Not available.
SOURCE: Advertising Age

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Southeast Toyota dealers deliver 15,000 in 10 days

By Charles M. Thomas —
AUTOMOTIVE NEWS STAFF REPORTER

Southeast Toyota Distributors Inc. estimates it sold 15,000 cars and trucks in a 10-day promotion that began Jan 22. The sale involved 85 percent of its 158-dealer network.

The independent distributor pegged the promotion a "port surplus" and held sales simultaneously at 21 locations in four of the five states in its distribution area. Dealers in South Carolina were shut out of the promotion because state laws forbid sales at off-site locations.

Glen Bullock, director of field operations, described the sale as successful but expensive. Thousands of cars and trucks had to be transported to off-site locations and the company spent heavily on advertising.

"We saturated the media for 10 days," said Bullock. "Inventories and finance staffs were sent to special sites."

He said that Southeast Toyota began planning the promotion six months ago to spur sales in January — a normally slow month.

In addition to inland sale locations, the company also organized sales at Port Everglades in Florida, and at ports in Jacksonville, Fla., and Savannah, Ga.

"Southeast Toyota is very aggressive and so are the dealers," said Bullock. "We have objectives to meet every month from Toyota Motor Sales U.S.A."

Because auto sales have been sluggish for the past several months, Bullock said the promotion was an attempt to build a market.

"The public is price sensitive right now, so low-end vehicles and trucks sold real well," he said.

Special commissions for salesmen included "spinning for dollars" wheels in addition to factory-dealer incentives on trucks, vans and Corolla FX models.

The sales manager for a central Florida dealership said that in spite of inclement weather, the dealership sold 70 vehicles at the Jacksonville port sale. "That's more than we would have sold at the dealership," he said.

Merrill Wiese, owner of Toyota of Wilson in Wilson, N.C., said it was a very effective sale for the dealership, "turning a ho-hum month into a good month."

There was one criticism of the sale by dealers — it should have lasted four or five days. "Ten days is an awful long gig," said one dealer.

Southeast Toyota, an independent distributor for Toyota Motor Sales U.S.A., distributes vehicles in Florida, Georgia, North Carolina, South Carolina and Alabama.

Limited-edition LeBarons

Chrysler Motors will market a limited edition of the LeBaron coupe and convertible this spring. The models are specially equipped and priced to appeal to young upscale buyers interested in sporty appearance and value, the company said. The Limited Edition LeBaron GTC coupe will be priced at $13,995; the convertible will be $16,495. The GTC models are distinguished by a white-only exterior body color and white-out trim. Models are equipped with a 2.2-liter turbocharged engine and five-speed manual transmission.

Reds, metallic gray are top picks

DETROIT — Car and truck producers are paying more attention than ever to new colors and fabrics.

Garnet reds and metallic grays are currently most preferred by customers, said Walter L. Walker, manager of General Motors' color and materials concept studio.

In the last four years, mica — a high-gloss, layered material — has been added to paint for a more "glamorous" finish, he said.

Automakers start developing new colors for cars and trucks three years before they will be used, said Bonnie B. Cunningham, color and trim specialist at Ford Motor Co.'s design center.

To gauge color popularity, automakers attend furniture and jewelry trade shows. Many automotive color experts are members of the Color Marketing Group, an international think tank, according to the Motor Vehicle Manufacturers Association.

Don 'Big Daddy' Garlits is subject of new movie

SAN FRANCISCO — While signing autographs for Mopar performance at this year's NADA convention, Don "Big Daddy" Garlits said a movie is being made about his career as America's premier drag racer.

Garlits, who races under Dodge and Mopar sponsorship, said the film is being produced independently but will probably be distributed by Paramount Pictures.

Bitter scales back, still eyes U.S. after Isuzu deal folds

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — Bitter Automobiles plans to line up an independent network of U.S. dealers to sell its forthcoming luxury sports-car range following the collapse of a distribution agreement with American Isuzu.

Erich Bitter, president of the West German carmaker, said last week that he will proceed with revised plans to produce about 2,000 cars a year — one fifth of the original program — with about 1,500 units slated for sale in the United States through a network of about 100 dealers.

Meanwhile, production of the new Opel Omega 3000-based car has been reorganized. To supply American Isuzu dealers with 10,000 cars annually, Bitter had contracted with Steyr-Daimler-Puch to build the bodies and handle final assembly at its plant in Graz, Austria.

Bitter will now revert to the production format on the previous SC model. Bodies will be built by Maggiora of Turin, Italy, and shipped to Steyr for painting and installation of Opel mechanical components.

Trim and final testing for the SC was done at Bitter's facilities in Schwelm, West Germany, but the new car will be shipped directly to dealers from Graz.

Bitter asserted last week that bank approval for the investment in the new car is secure despite the setback.

"We have a commitment," he said. "It is definitely no problem because the amount of money I need now is much, much smaller."

He said news of the Isuzu collapse has generated substantial interest among potential dealers in the United States.

"We will continue to go with some of the dealers we had before and add others," said Bitter. "We received a lot of applications after people heard about Isuzu, and we've started going through those applications."

Bitter said the new scenario opens up opportunities for retailers with more experience selling luxury and performance models than Isuzu dealers, but who had been closed out of participation under the agreement.

Even without Isuzu distribution, Bitter's production plans far exceed the levels achieved on the eight-year-old Opel Seantor-based SC, 200-300 of which were built annually.

Bitter said he will have a "production quality" prototype of the convertible at next week's Geneva auto show, as well as full-scale models of the subsequent hardtop coupe and four-door versions.

He said he will stick with the plan to begin producing the convertible in October. He said the agreement with Maggiora calls for 50 units per month by next January and achieving the full output of 150 cars monthly by March 1989.

The retail price will exceed $40,000 in the United States based on current exchange rates. The car was originally pegged for the mid-$30,000 range — precisely the sore point that led to cancellation of the agreement with Isuzu.

"We never really worried about the price of the car," said Bitter. "I understand their position, but I'm used to selling cars that cost twice that much. I don't care what the dollar does. The entire Bitter company is very happy that we can go on by ourselves and not worry so much about cost."

Steyr officials say the scaled-down Bitter program is not a big blow for the Austrian company.

"I'm not greatly disappointed because I saw it coming," said Chairman Otto Voisard during an interview last week. "We did not really use it as a base for our future planning."

"In the United States, Erich Bitter has already found some remarkable interest from dealers in such a car," said Juergen Stockmar, Steyr executive vice president in charge of production and four-wheel-drive research at Graz. "He thinks he can sell 1,000-2,000 units in the United States, and he also has dealer contracts here in Europe. So we are quite optimistic that we will be able to produce at least 2,000 cars per year within the near future.

"But from 10,000 cars per year to 2,000, you have to rethink production totally," he added. "It's not the same production concept. It's totally different."

The new Bitter will be sold in the United States by a new company in which Erich Bitter owns 50.8 percent and former Volkswagen of America sales manager Samuel Tucker has 40.8 percent. The new group, Bitter Automobiles, has no legal connection with the old Bitter organization, which produced and marketed the previous model. The new Bitter company will pay royalties on the sale of the car to the old firm, which is made up of Bitter and 11 partners.

Feb. 1-10 sales rise

Extra day brings domestic gain of 12%

By Philly Murtha
AUTOMOTIVE NEWS STAFF REPORTER

Aided by an extra selling day, early-February sales of U.S.-built cars outpaced last year's deliveries for the same period by 12.85 percent.

Of the eight U.S. carmakers, only Honda and Nissan sold fewer cars this year than last.

"The first 10 days of this month were very good, although we're not quite back to normal," said Don Giambrone, vice president of Celozzi-Ettleson Chevrolet, Elmhurst, Ill.

Phil V. Naylor, president of Naylor Chrysler-Plymouth, Ann Arbor, Mich., said his sales have nearly doubled this year. "Incentives and the auto show in Detroit helped turn around sales," he said.

In the first 10 days of February, sales of U.S.-built cars totaled 192,001 compared to 170,134 in the same period a year ago. However, the early February total dropped 18.12 percent below the final 10 days of January 1988, when 234,487 cars were delivered.

The average daily selling rate edged up slightly to 21,333 compared with 21,267 last year. There were nine selling days in the period this year and eight last year.

The Big 3 reported increases of 7 percent to 27 percent over last year. Chrysler Motors' sales surged ahead 26.87 percent in the first 10 days of February. Chrysler Division's sales rose more than 60 percent over the year-ago period.

Ford Motor Co.'s car sales continued to climb with a gain of 19.16 percent for early February. Ford Taurus showed the biggest gain.

"We've sold a pretty good mix of cars and trucks. Both are up about 25 percent over last year. Mustang GTs and Thunderbird Turbo Coupes are always strong," said Mike Murphy, general sales manager, Key Ford Inc., Pensacola, Fla.

General Motors reported the highest Feb. 1-10 car and truck sales since 1979, according to C.N. "Bud" Moore, vice president, customer sales and service staff. GM's car sales rose 7.78 percent over last year's.

Transplants Volkswagen and Toyota sold more cars, too.

DOMESTIC SALES

	Feb. 1-10, 1988	Feb. 1-10, 1987
Eagle	807	850
Chrysler	8,266	5,090
Plymouth	8,519	7,450
Dodge	10,070	9,204
Chrysler Motors	28,665	22,594
Ford	38,348	33,028
Mercury	12,111	8,973
Lincoln	4,827	3,394
Ford Motor Co.	55,284	46,395
Buick	15,375	11,417
Cadillac	6,199	5,095
Chevrolet	49,894	39,942
Oldsmobile	17,693	16,164
Pontiac	17,563	23,194
General Motors	97,701	80,852
Volkswagen	944	714
Honda	7,208	7,539
Nissan	1,169	1,908
Toyota	679	382
Mazda	351	—
U.S. Industry Total	192,001	170,134

Toyota's sales of U.S.-built cars almost doubled and VW sold nearly a third more U.S.-built cars than it did in the equivalent period of 1987.

Honda delivered 4.30 percent fewer cars in the Feb. 1-10 period this year, and Nissan's sales fell 38.73 percent. Mazda, which was not making cars in the United States a year ago, sold 351 cars produced at its Flat Rock, Mich., plant in the first 10 days of February this year.

Mexico car output up 42% in '87; exports soar 503%

By Stephen Downer and Kathy Barbaglia
AUTOMOTIVE NEWS STAFF REPORTERS

The five automakers based in Mexico produced 266,142 cars in the 1987 calendar year, 42.01 percent more than the 187,409 built in 1986.

Export car production rose from 20,502 vehicles in 1986 to 123,706 last year, an increase of 503 percent. Ford led the way with 51,773 Mercury Tracers produced at its Hermosillo plant in the northwestern state of Sonora. The plant opened in November 1986.

Ford's total 1987 output of 67,578 cars compares with 20,016 built in 1986.

Chrysler which, unlike Ford, produces domestic and export market cars on the same line at its Toluca plant just southwest of Mexico City, produced 41,034 for export, up tremendously from the 15,147 built for export in 1986.

Chrysler's total car output was 64,208 in 1987, 50.70 percent more than the preceding year's 42,606.

General Motors, which announced last spring that it will be exporting 120,000 A-cars to the United States annually by about 1989, turned out 20,724 Celebrity A-car models at its export engine and vehicle assembly complex in Ramos Arizpe, near Saltillo in northeastern Mexico.

The total was considerably more than the 4,700 A-cars a company official originally said would be produced and exported in 1987. GM exported no cars from Mexico in 1986.

MEXICAN CAR PRODUCTION
Calendar year 1987 vs. 1986

	1987	1986
Chrysler	64,208	42,606
Ford	67,578	20,016
GM	32,242	14,260
Nissan	58,461	49,791
Volkswagen	43,653	60,736
Total Cars, Mexico	266,142	187,409

GM's total production of cars in Mexico was 32,242 in 1987, more than double the 14,260 built in 1986.

Nissan produced 58,461 cars last year, of which 10,175 were for export. In 1986, total output was 49,791 with 5,250 built for export.

The only company with no car export program last year was Volkswagen, though that will change this year. The company's Puebla plant, 80 miles southeast of Mexico City, will be the major beneficiary of VW's decision to close its Westmoreland, Pa., plant later this year.

VW built 43,653 cars in 1987 for the Mexican market, a decrease of 28.13 percent from 60,736 in 1986. Export production in 1986 for VW was 105 units.

VW launched a five-year, $500 million reinvestment program in Puebla in 1986.

Nissan developing 1990 Sentra in U.S.

By Matt DeLorenzo
AUTOMOTIVE NEWS STAFF REPORTER

Body component engineering for Nissan's next-generation two-door Sentra is under way at the company's assembly plant in Smyrna, Tenn. It represents a major step in the company's goal to design and build cars in their entirety in the U.S. market.

In addition to doing engineering at the plant, top Nissan Motor Manufacturing officials said last week they are studying the addition of another product line as well as an engine assembly operation at the plant.

Jerry Benefield, who recently took over as president of Nissan Motor Manufacturing from Marvin Runyon, said Pathfinder is among the products that have been studied. While nothing has been ruled out, he indicated that the sport-utility vehicle with its unitary body construction is more complicated to produce than the truck and would be difficult to incorporate in the plant's production flow.

Robert Drake, vice president of engineering and purchasing, said the plant's new CAD/CAM system is running, and engineering on the 1990 replacement for the Sentra two-door has begun. Drake said the two-door will be exclusive to the United States. As a result, the engineering and sourcing will be done here.

"We're working from the clay model," Drake said, underscoring the extent of the U.S. engineering effort.

The additional component sourcing generated by designing the body in the United States will push Sentra's domestic content to 70 percent, Drake said. He added that even higher levels will be attained if Nissan decides to build engines at Smyrna.

Domestic content of both cars and trucks produced at the plant is between 50 and 55 percent. Currently, engines and transaxles are sourced from Mexico and Japan. Beyond the engine plant, both Benefield and Drake said Nissan is evaluating the possibility of adding transaxle assembly to the site.

Those plans are consistent with a recent announcement by Takeshi Tanuma, president of Nissan Research & Development, which oversees the company's U.S. design and engineering functions. Tanuma said local content of 90 to 95 percent is a realistic target for the Smyrna plant.

The continuing decline of the dollar has also enhanced the viability of Nissan's U.S. manufacturing effort. Benefield said the plant's original target for profitability was 350,000 units per year, but now, with the increase in the value of the yen, the plant can make money at its current output of 240,000 units per year.

Japanese firms eye Ford imports

TOKYO — Two large Japanese trading firms have expressed interest in importing Ford-badged cars.

C. Itoh & Co. is considering a plan to establish a distribution network in association with Mazda Motor Corp.'s Autorama chain. C. Itoh previously handled Ford vehicles but discontinued sales when sales went flat after the Arab oil crisis in the 1970s.

Mitsui & Co. also has expressed interest in selling Ford products.

Mazda, meanwhile, has shown interest in becoming an importer. Earlier this month, Mazda said it will import 800 Ford Probes. The Probe uses the same platform as the Mazda MX-6; both cars are built at the Flat Rock, Mich., assembly plant. Probe will be exported to Japan some time after its U.S. launch on May 12.

Though Mazda acknowledges a hoped-for goal of 3,000 to 4,000 Probe units, the company will wait and assess the car's U.S. sales.

Mazda also is considering plans to import a five-door Festiva model made by its Kia affiliate. The car is sold in Korea as the Pride. Analysts say obstacles, including badging, pricing and who will actually sell the car — probably won't be resolved before 1989. Even so, the Kia Pride — known by Mazda as the 121 — could be the first Korean import to Japan.

PRODUCTION

Car output steady, far below 1987

By Kelley Barbaglia
AUTOMOTIVE NEWS STAFF REPORTER

Last week's scheduled domestic auto output totaled 132,374 cars, slightly below (0.57 percent) the prior week's 133,137 and 22.93 percent below the year-ago week's 171,761.

So far this year, 868,757 cars have been assembled, 24.93 percent below the 1,157,256 completed last year at this point.

Companies split last week's targeted production as follows: General Motors, 45.64 percent; Ford Motor Co., 27.79 percent; Chrysler Motors, 16.70 percent; Honda of America Manufacturing Inc., 5.44 percent; New United Motor Manufacturing Inc., 2.46 percent; Nissan Motor Manufacturing Co. U.S.A., 1.01 percent; and Mazda Motor Manufacturing (U.S.A.) Corp., 0.96 percent.

Volkswagen of America's plant in Westmoreland, Pa., was idle last week for inventory adjustment. The plant was scheduled to resume output today.

Truck production was estimated at 86,039 units last week, 5.14 percent more than the previous week's 81,834 and 15.68 percent more than the year-ago week's 74,376.

Year-to-date, 581,322 trucks have been built, 6.82 percent more than the 544,187 assembled last year at this time.

Ford closed its Wayne, Mich., plant today for changeover for the 1988½ Escort. The plant is scheduled to resume operations Feb. 29.

Chrysler's Jefferson Avenue car plant in Detroit closed last week until March 7 for inventory adjustment. Approximately 2,800 hourly workers are temporarily laid off.

Chrysler's Newark, Del., car plant remains down for inventory adjustment. The plant is slated to reopen Feb. 29.

GM scheduled overtime last Saturday at its Baltimore and Flint, Mich., truck plants.

Ford slated overtime last Saturday at its Wixom, Mich., and St. Louis plants.

All Ford plants are scheduled for daily overtime this week except the Edison, N.J., and Wayne, Mich., car plants.

Canadian cars post 11% gain

Canadian automakers scheduled production of 24,150 cars last week, the highest since the week ended Dec. 20, 1986, when 24,896 cars were built.

Last week's estimated build was 11.09 percent more than the previous week's 21,739 and 17.58 percent more than the year-ago week's 20,540.

So far this year, 155,930 units have been assembled, 13.63 percent more than the 137,231 completed last year at this point.

Truck production was targeted at 19,573 units last week, 5.25 percent more than the prior week's 18,596 and 10.96 percent more than the year-ago week's 17,640.

Year-to-date, 129,799 trucks have been built, 14.45 percent more than the 113,413 assembled last year at this time.

U.S. CAR	Week Ended Feb. 20, 1988	Week Ended Feb. 21, 1987	Week Ended Feb. 13, 1988	Feb. to Date	Jan. 1 to Feb. 20, 1988	Jan. 1 to Feb. 21, 1987
Alliance	0	748	0	0	0	5,353
Total Eagle	0	748	0	0	0	5,353
Horizon	1,900	4,167	1,826	5,412	11,775	25,858
Sundance	2,000	2,530	2,083	6,431	14,776	15,259
Reliant	1,800	3,042	2,753	7,090	11,701	18,937
Caravelle	500	1,432	448	1,462	2,850	8,672
Gran Fury	300	0	328	872	1,713	0
Total Plymouth	6,300	11,171	7,416	21,287	42,816	68,724
LeBaron K	0	2,025	486	966	1,841	12,108
LeBaron J	1,600	2,097	1,173	2,773	2,773	10,255
LeBaron GTS	200	1,027	131	476	1,146	5,543
N. Yorker E-Class	0	1,551	0	0	0	11,837
N. Yorker C-Class	2,300	0	2,310	6,788	13,051	0
Fifth Avenue	1,100	0	1,067	3,379	6,536	0
Total Chrysler	5,200	5,700	5,198	14,362	27,147	39,743
Omni	1,900	3,555	1,868	5,406	11,521	22,276
Daytona	1,400	1,071	761	2,161	2,161	5,360
Shadow	2,300	2,286	2,250	6,632	15,186	13,964
Aries	1,300	2,114	1,842	4,817	9,424	16,696
Dodge 600	500	906	483	1,432	2,494	7,482
Dynasty	2,400	0	2,359	6,928	13,902	0
Lancer	300	560	265	835	1,743	4,074
Diplomat	500	0	490	1,334	2,643	0
Total Dodge	10,800	10,492	10,318	29,545	59,073	69,862
CHRYSLER MOTORS	22,100	29,100	22,932	65,194	129,036	183,682
Escort	5,618	7,672	8,892	23,158	59,334	52,750
Mustang	4,446	4,445	4,589	13,553	31,811	33,181
Tempo	3,980	4,158	3,582	11,331	28,540	28,858
Taurus	7,890	10,442	7,909	23,678	55,834	71,556
Thunderbird	3,479	2,753	3,470	10,410	22,991	19,299
Total Ford Div.	25,422	29,470	26,222	82,128	198,510	205,644
Lynx	0	1,545	0	0	0	9,580
Topaz	1,511	1,356	1,261	4,485	10,870	9,283
Cougar	2,288	4,092	2,300	6,897	17,396	28,867
Sable	2,699	3,256	2,724	8,169	16,331	21,861
Total Mercury	6,498	10,256	6,285	19,551	44,597	69,611
Continental	1,063	319	670	2,687	5,685	2,587
Mark VII	561	485	440	1,647	3,928	3,869
Lincoln	3,248	2,414	2,219	8,689	21,160	19,352
Total Lincoln	4,872	3,218	3,328	13,002	30,753	25,808
Total L-M Division	11,370	13,474	9,614	32,553	75,350	95,419
FORD MOTOR CO.	36,792	42,944	37,836	114,681	273,860	301,063
Skyhawk	1,080	861	851	1,911	5,029	7,284
Skylark/Somerset	315	869	285	864	3,378	13,345
Century	1,245	4,509	1,204	3,897	5,766	29,661
Regal (rwd)	0	882	0	0	0	7,023
Riviera	247	384	189	649	835	4,292
Electra	1,258	2,331	1,240	3,782	9,731	15,542
LeSabre (fwd)	2,400	2,531	2,400	7,200	16,855	15,175
LeSabre (rwd)	100	275	94	312	714	3,727
Reatta	222	0	85	383	485	0
Total Buick	6,847	12,702	6,357	19,008	44,095	96,070
Cimmaron	296	499	290	860	2,015	3,284
Eldorado	804	327	640	2,189	2,806	2,721
Seville	586	385	478	1,609	2,070	5,530
Brougham (rwd)	0	2,546	0	0	0	12,347
Deville (fwd)	4,000	4,075	3,514	11,517	26,360	25,589
Allante	65	50	60	175	205	319
Total Cadillac	5,761	7,882	5,032	16,370	33,456	49,790
Cavalier	7,077	8,184	6,644	17,599	44,280	52,360
Camaro	1,220	2,799	1,218	2,438	6,285	14,474
Celebrity	4,810	7,688	4,350	13,117	19,852	57,444
Corsica/Beretta	4,940	5,769	7,849	20,661	45,126	37,304
Monte Carlo	0	1,775	0	0	0	8,559
Caprice	4,885	5,725	4,540	13,940	31,136	29,015
Corvette	440	846	451	1,342	2,952	4,525
Total Chevrolet	23,372	32,586	25,052	69,117	149,411	203,671
Calais	2,085	1,544	1,918	6,113	14,409	17,867
Firenza	500	293	436	936	2,504	3,856
Cutlass Ciera	0	4,748	0	0	0	30,274
Cutlass Supreme*	1,847	1,404	1,847	5,541	12,569	4,409
Toronado	403	276	381	1,335	1,682	3,126
88 (fwd)	3,295	4,606	3,240	9,652	23,122	32,865
88 (rwd)	315	391	257	810	2,064	2,927
Olds 98	1,822	1,927	1,755	5,365	11,992	12,789
Total Oldsmobile	10,267	15,192	9,834	29,772	67,588	106,115
Sunbird	2,187	2,618	2,470	6,986	15,498	16,538
Grand Am	4,600	5,911	4,760	14,398	33,640	37,810
Firebird	840	2,558	779	1,619	5,824	12,343
Grand Prix*	1,823	0	1,823	5,469	14,579	0
Pontiac 6000	1,930	1,507	621	2,904	2,880	11,853
Bonneville	1,975	3,118	1,973	5,931	13,635	22,284
Safari/Parisienne	135	193	159	485	833	1,733
Fiero	485	1,070	389	1,157	1,157	4,294
Total Pontiac	14,175	16,973	12,974	36,949	78,746	106,855
GENERAL MOTORS	60,422	85,335	59,299	173,116	373,296	564,501
HONDA	7,195	7,361	7,287	21,588	49,176	49,191
Civic	1,730	2,935	1,620	5,025	11,897	20,576
Accord	5,465	4,426	5,667	16,563	37,482	28,615
MAZDA	1,275	0	1,176	3,600	5,652	0
NISSAN	1,340	2,872	1,326	4,015	9,367	20,395
NUMMI	3,250	4,140	3,281	8,795	21,583	25,480
Corolla	1,200	836	1,232	2,803	7,313	5,791
Nova	2,050	3,304	2,049	6,192	14,270	22,689
VOLKSWAGEN	0	0	0	1,878	5,782	9,944
Golf/GTI	0	0	0	1,078	3,982	8,694
Jetta	0	0	0	800	1,800	1,250
Total Cars, U.S.	132,374	171,761	133,137	302,867	868,757	1,157,256
Total Cars, Canada	24,150	20,540	21,739	66,086	155,930	137,231
U.S., Canada Cars	156,524	192,301	154,876	461,555	1,024,687	1,294,487
U.S., Canada Cars and Trucks	262,136	284,317	255,306	767,586	1,735,809	1,952,087

Monthly estimates may contain error of one or two units due to rounding.
*—Estimate.

CANADIAN CAR	Week Ended Feb. 20, 1988	Week Ended Feb. 21, 1987	Week Ended Feb. 13, 1988	Feb. to Date	Jan. 1 to Feb. 20, 1988	Jan. 1 to Feb. 21, 1987
Eagle	0	—	0	0	0	—
Premier	1,850	—	1,667	4,954	11,196	—
CHRYSLER MOTORS	1,850	156	1,652	4,954	11,196	1,080
Escort	0	—	0	0	0	—
Lynx	0	—	0	0	0	—
Tempo	4,037	—	3,635	11,665	28,578	—
Topaz	1,723	—	1,241	4,440	10,720	—
Crown Victoria	2,899	—	2,802	8,563	19,791	—
Grand Marquis	2,861	—	2,772	8,499	19,016	—
FORD MOTOR CO.	11,520	11,373	10,450	33,167	78,105	78,058
Celebrity	325	—	252	966	2,963	—
Cutlass Ciera	4,955	—	4,611	14,417	28,673	—
Cutlass Supreme	0	—	0	0	0	—
Grand Prix	0	—	0	0	0	—
Pontiac 6000	870	—	854	2,591	7,389	—
Regal	4,000	—	3,192	10,314	22,594	—
GENERAL MOTORS	10,150	8,702	8,909	28,288	61,649	56,754
HONDA	730	129	614	1,970	4,257	784
VOLVO	100	180	114	309	729	1,575
Total Cars, Canada	24,150	20,540	21,739	66,086	155,930	137,231

U.S. TRUCK☆	Week Ended Feb. 20, 1988	Week Ended Feb. 21, 1987	Week Ended Feb. 13, 1988	Feb. to Date	Jan. 1 to Feb. 20, 1988	Jan. 1 to Feb. 21, 1987
Caravan	2,200	—	2,167	6,150	13,805	—
Dakota	1,700	—	0	1,700	14,322	—
Mini-Ram Van	300	—	369	952	2,149	—
Pickups	800	—	0	800	7,089	—
Total Dodge	5,000	5,317	2,536	9,602	37,375	33,524
Cherokee	3,500	—	3,230	10,542	25,088	—
Comanche	1,100	—	846	3,002	6,985	—
Grand Wagoneer	400	—	350	1,100	2,144	—
Pickups	0	—	0	0	0	—
Wagoneer	300	—	224	809	1,988	—
Total Jeep	5,300	4,455	4,650	15,453	36,211	31,396
Voyager	2,000	—	1,987	5,598	12,572	—
Total Plymouth	2,000	—	1,987	5,598	12,572	—
CHRYSLER MOTORS	12,300	9,772	9,173	30,653	86,158	84,920
Aerostar	5,150	—	4,433	14,690	32,567	—
Bronco	1,302	—	1,259	3,810	8,853	—
Bronco II	2,991	—	3,039	8,990	21,638	—
Econoline	5,156	—	5,205	15,345	35,575	—
Heavy trucks	1,317	—	1,294	3,935	9,242	—
Light trucks	10,432	—	10,084	30,899	69,218	—
Ranger	7,420	—	7,550	22,446	51,370	—
Total Ford Div.	33,768	31,524	32,844	100,105	228,463	226,716
FORD MOTOR CO.	33,768	31,524	32,844	100,105	228,463	226,716
Astro	3,796	—	3,240	10,652	24,463	—
Blazer	586	—	443	1,586	3,786	—
Medium/Heavies	325	—	2,180	2,737	4,300	—
P-Model	900	—	675	2,695	6,529	—
Pickups	6,215	—	5,105	16,896	42,338	—
S-10	5,617	—	5,327	16,144	36,305	—
S-10 Blazer	3,340	—	2,995	9,696	19,206	—
Sportsvan/Van	1,428	—	1,482	4,218	9,328	—
Suburban	1,592	—	1,209	4,309	9,903	—
Total Chevrolet	23,798	19,726	23,636	71,067	156,258	159,447
Jimmy	175	—	192	537	1,281	—
Medium/Heavies	925	—	917	2,896	6,321	—
P-Model	120	—	121	343	580	—
Pickups	2,245	—	1,937	6,020	14,475	—
S-15	1,483	—	1,632	4,947	10,428	—
S-15 Jimmy	860	—	1,111	2,876	4,592	—
Safari	951	—	848	2,707	6,289	—
Suburban	884	—	883	1,980	5,338	—
Vandura/Rally Vans	952	—	721	2,883	6,658	—
Total GMC	8,395	7,675	8,172	24,739	55,942	54,005
GENERAL MOTORS	32,193	27,401	32,008	95,806	212,200	213,452
NAVISTAR	1,778	1,629	1,796	5,398	12,551	10,711
NISSAN	3,250	1,709	3,283	9,748	22,700	11,938
AM GENERAL**	450	50	450	1,350	3,150	350
MISCELLANEOUS*	2,300	2,300	2,300	6,900	16,100	16,100
Total Trucks, U.S.	86,039	74,376	81,834	249,930	581,322	544,187

CANADIAN TRUCK	Week Ended Feb. 20, 1988	Week Ended Feb. 21, 1987	Week Ended Feb. 13, 1988	Feb. to Date	Jan. 1 to Feb. 20, 1988	Jan. 1 to Feb. 21, 1987
Caravan	3,036	—	2,969	9,010	21,142	—
Mini-Ram Van	234	—	221	674	1,576	—
Ram Wagon	580	—	402	1,082	2,748	—
Ram Van	1,300	—	1,291	2,591	6,752	—
Total Dodge	5,160	9,128	4,983	13,357	32,218	62,175
Voyager	2,874	—	2,668	8,546	19,863	—
Total Plymouth	2,874	—	2,668	8,546	19,863	—
Wrangler	1,018	—	1,058	3,120	6,833	—
Total Jeep	1,018	641	1,058	3,120	6,833	4,370
CHRYSLER MOTORS	9,052	9,769	8,919	25,023	58,934	66,545
FORD MTR. (lt. trks.)	3,648	3,478	3,271	10,544	24,840	23,165
Light trucks	3,338	—	2,805	9,662	21,836	—
Vans	1,375	—	1,380	3,992	8,880	—
Total Chevrolet	4,711	—	3,985	13,654	30,716	—
Light trucks	1,394	—	1,729	4,506	9,797	—
Vans	575	—	482	1,743	3,982	—
Total GMC	1,969	—	2,211	6,251	13,779	—
GENERAL MOTORS	6,680	4,195	6,196	19,905	44,495	22,315
NAVISTAR	193	196	210	629	1,530	1,386
Total Trks., Canada	19,573	17,640	18,596	56,101	129,799	113,413
U.S., Canada Trks.	105,612	92,016	100,430	306,031	711,121	657,600

☆—Includes window van production. *—Estimated
Jeep includes commercial only. AM General includes government-destined vehicles.
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.
Monthly estimates may contain error of one or two units due to rounding.

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Automotive News

February 29, 1988

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Japanese dealers fear U.S. snub

Owning stores here has risks, they say

By Mary Ann Maskery
AUTOMOTIVE NEWS STAFF REPORTER

TOKYO — Some Japanese dealers may be eyeing the U.S. market, but the idea has its skeptics.

Isao Makino, former head of Toyota's American operations and chairman of Tokyo Toyo-Pet, the most profitable dealership in Japan, said, "To do business in the United States, it must be done by American people."

Makino said Japanese people tend to be hard-working and make so much profit that other countries may not welcome them.

As for the difficulty involved in dealers moving to the United States, Makino said, "I have always thought it important not to stimulate Detroit, not to have conflict with Detroit. I may be overly concerned about that, but that is my view."

Masaru Izumi, president of the Japan Automobile Dealers Association, views the move to the U.S. market as a natural result of the growing interdependency of the auto industry worldwide and the increasing signs of internationalization in the Japanese market.

Izumi pointed to moves by Daimler-Benz, Volvo and BMW to set up subsidiaries in Japan. He said Japanese dealers, too, may develop an outward posture.

Izumi is also president of Tokyo Nissan, the largest publicly held dealership in Japan. It already has an operation in Vancouver, British Columbia; is planning another near Toronto and has expressed

see JAPANESE, page 53

AUTOMOTIVE NEWS/JOE WILSKERS

UAW members rally outside Chrysler's headquarters to protest sale of Acustar

Chrysler: Cash not the key

Company says Acustar on block for other reasons

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

HIGHLAND PARK, Mich. — Chrysler Corp. said it is seeking to sell its Acustar parts-making subsidiary primarily to allow it to concentrate on product and powertrain development, but the company acknowledged that the sale would generate money for investments.

Chrysler was responding to a statement made last week by UAW Vice President Marc Stepp, who said Chrysler Motors Vice President for Industrial Relations Anthony St. John told him that the company is seeking the sale for several reasons, including "cash-flow problems."

Stepp, who is seeking to block an Acustar sale, said Chrysler is negotiating to sell the $3 billion component subsidiary to raise money for "capital improvements, borrowing needs, research and development and so forth."

"If Iacocca and company overextend themselves in buying American Motors Corp., buying Gulfstream Aerospace, buying some technology operations, why should workers be penalized for their misjudgments or their greed?" Stepp asked at a press conference following a meeting Thursday of the union's National Chrysler Council. The meeting was called to protest a potential Acustar sale.

In a statement issued in response to Stepp's remarks, Chrysler said the "potential sale of Acustar would generate funds for future investments, but the primary reason we would sell Acustar is because, long-term, we want to concentrate our resources on new product and powertrains rather than components."

"In this business you can never have enough cash," the company said. "But at the end of 1987, we had $2.4 billion in cash and

see ACUSTAR, page 53

Rising sales fail to quench incentive fire

By Francis J. Gawronski and Laura Clark
AUTOMOTIVE NEWS STAFF REPORTERS

Despite encouraging signs throughout the industry, automakers and importers are intensifying their incentive efforts. Several new programs were reported last week, and others were expanded or sweetened.

The announcements coincided with good news from the sales and production fronts. Aided by incentives, domestic new-car sales rose 11.87 percent in the Feb. 11-20 sales period over the same period in 1987. This followed a gain of 12.85 percent in the first 10 days of the month.

And the February advances followed an upturn of 22 percent for domestic and imported cars in January. Cheers for the January jump were tempered by the fact that January 1987 was an especially poor month, but the industry can point to gains in each of this year's five 10-day sales periods.

On the production side, General Motors had upbeat news last week. It is adding 175,000 cars and trucks to its schedule for 1988 by reopening one plant and adding second shifts and increasing overtime at others.

Nevertheless, there are new incentives as the industry continues to be a victim of the Catch 22 situation it has constructed in the past few years: Incentives are offered to boost sagging sales; but when sales improve, the incentives must be continued because customers expect them and won't buy without them.

Chrysler Motors announced a program that guarantees the resale price of Eagle Premiers sold in Canada. Chrysler Canada officials said it may become the basis for a similar program in the United States, although no date was given on when it could begin in the United States.

Cadillac, meanwhile, sweetened its Allante dealer incentives, now offering as much as $4,000. Oldsmobile began a $2 million program of incentives to salesmen on all 1987 and 1988 models in dealer stock. Chevrolet extended until April 30 its consumer rebates on most of its cars.

Ford Motor Co. began offering dealer incentives on both retail sales and leases. Toyota is offering incentives to dealers and their sales staffs on cars made in California as well as on trucks, vans and Land Cruisers. Isuzu's program offers up to $700 per unit to dealers and advertising bonuses of up to $750 per unit, trips to the Summer Olympics in Korea and incentives to salesmen.

CHRYSLER CANADA: Chrysler Canada said it will guarantee the resale value of its 1988 Eagle Premier against the Ford Taurus, Oldsmobile Calais and Ciera, Buick Skylark and Century, Chrysler LeBaron and Dodge Lancer.

Chrysler is guaranteeing those who buy or lease a 1988 Premier during the 1988 model year that the car will retain its value against the best resale value of the seven competitive models. Resales prices will be set by average wholesale prices at private auctions in Canada.

The owner or lessee must buy a new Jeep or Eagle vehicle 24 to 48 months after purchasing a Premier. If the resale value of the Premier is lower by percentage of original list price, Chrysler will refund the customer the difference. The money can be used toward the purchase of a new vehicle or can be taken in cash, as long as a new Jeep-Eagle vehicle is purchased.

No dealer financial participation is required.

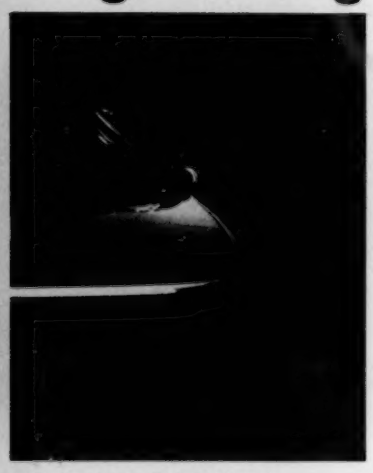
Other companies such as Jaguar, Audi of America, Cadillac and Ford Motor Co. are using guaranteed resale programs for upscale models.

CADILLAC: Cadillac is offering its dealers rebates on every 1987 Allante sold between Feb. 20 and May 31.

Dealers who sell unused 1987 Allantes receive $2,500 per unit while dealers who sell 1987 Allantes used as

see INCENTIVES, page 53

'Engineering for 1990s' is SAE theme



SAE show begins today in Detroit

DETROIT — More than 40,000 persons will gather here this week for the 1988 SAE International Congress & Exposition at Cobo Hall.

The theme for the Feb. 29-March 4 event is "Engineering for the '90s — Imagination, Innovation."

Calling it "the largest technical conference of its kind," SAE said more than 500 exhibitors have sold out Cobo Hall's 167,000 square feet of display space. Approximately 200 half-day technical sessions are planned, including a record 700 technical presentations.

Scheduled to deliver today's opening keynote address is Anthony C. Rudd, deputy chairman of Lotus Engineering and technical director of Group Lotus PLC.

Race car driver Al Unser Jr. will deliver a presentation on high-performance driving during a special Family Night event tomorrow.

Also on Tuesday, Thomas L. Ford and Fred S. Charles, a manager and engineer, respectively, at Goodyear Tire & Rubber Co., will present the annual Buckendale Lecture on "Heavy-Duty Truck Tire Engineering."

Featured speaker at the SAE International Banquet on Thursday evening, March 3, will be GM President Robert Stempel. More than 5,000 SAE members and guests will attend the sold-out affair.

Scheduled to be inducted for a one-year term as 1988 SAE president is George D. Aravosis, director of technology planning of Navistar International Transportation Corp. He will succeed William S. Coleman, director — new product opportunities, Eaton Corp.

Technical session topics will include: plastic use, chlorofluorocarbons, automotive electronics, fuels and lubricants, manufacturing engineering, materials, and service and maintenance.

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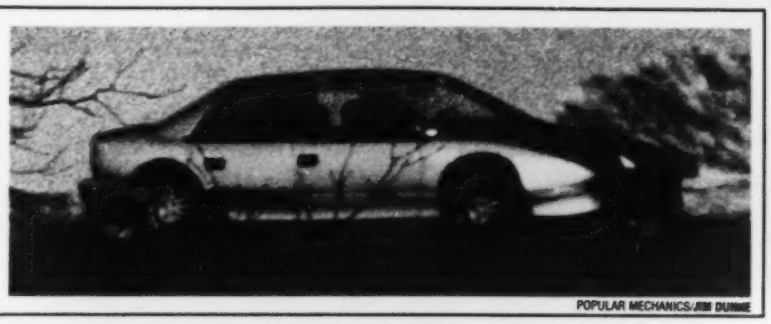
Saturn spied

Saturn Corp. is now testing prototypes of its four-door model. Production begins in the summer of 1990. Both the four-door and a coupe will be sold by a new dealer network as 1991 models.



POPULAR MECHANICS/JIM DUNNE

Another U.S.-made Nissan

Tenn. plant expects to make 2nd car, engine, components

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

Nissan intends to build engines and other parts at its Tennessee plant and is planning to add a second car line — a move that would increase capacity by 100,000 or more units.

Nissan Motor Manufacturing Corp. U.S.A. said last week that it will recommend the component program to its Japanese parent. The manufacturer also said it is studying the possibility of building a second car along with the Sentra and Nissan pickup at the Smyrna, Tenn., facility.

Jerry Benefield, president of Nissan Manufacturing, indicated that he was confident that both plans will be approved. Nissan Manufacturing and Nissan Motor Co. in Japan have agreed on a strategy to expand car production, he said. They still must decide what the product will be and when it will be built.

Whatever that product, it will likely be "a little more upscale" than the subcompact Sentra, Benefield said.

The additional line would raise capacity to somewhere between 350,000 and 400,000 units, Benefield said. Currently the plant can produce 265,000 units annually. In 1987 it turned out 213,000. The plant's paint, stamping, and body assembly areas will have to be enlarged to make way for the second car line, Benefield said. The expansion will also require Nissan to build an addition to the existing plant.

Under the components plan, Sentra engines and truck axles would be produced in Smyrna. Front and rear bumpers for a new Sentra, due in 1991, would also be built.

Currently, Nissan builds engines for the U.S. Sentra in Japan and Mexico. The axles come from Nissan in Japan. Magna International, a Canadian firm, supplies the bumpers.

Benefield said costs for the parts expansion will be reviewed at the April board meeting. But the prospect has become clearly more attractive in the five years since the plant opened.

"We did not think we could do our engine assembly or axle assembly before because our studies said we couldn't make any money doing it," Benefield said.

The addition of the components isn't expected to bring any new jobs to the plant, Benefield said.

Nissan Manufacturing's plans will help bring the company several steps closer to its goal of becoming a self-sufficient U.S. automaker.

They also signal some bullishness about prospects in the U.S. market — despite a disappointing 1987. The company has restructured its U.S. operations over the past 12 months and will launch four all-new products in the 1989 model year.

"I think it indicates that they (Nissan Motor Co. in Japan) believe the future will be different than the present," said Benefield.

The weakened dollar has also played a big role, making it more attractive for Nissan and other Asian makers to build vehicles in North America.

"What we hope to accomplish in this country is to be able to design and produce vehicles for this market," he said. "I don't think the yen is going to go back to 260 (per dollar), and I think it makes sense in the long term to produce (here)."

The expansion plans also tie into Nissan's announcement earlier this year that it will add 200 engineers and other employees at its research and development center in Ann Arbor, Mich. The centers' role will be to design new vehicles for the U.S. market.

The increased U.S. production could also serve as a defense against the possibility of tighter restraints on Japanese imports, Benefield acknowledged.

Nissan's plans echo those of other Japanese makers in the United States. Honda plans on increasing car and engine output in Ohio while expanding its research and development activities. Toyota has decided to build engines and other components at its assembly plant in Kentucky.

Despite last year's decline in production, Nissan's Smyrna plant will be profitable this fiscal year (ending March 31) for the first time since it opened in 1983, Benefield said.

Unlike in previous years, the company had no major capital spending programs in the last year. Benefield cited better productivity and the addition of more locally sourced parts as other reasons for the profit.

The plant was designed to be profitable at 220,000 units with the yen valued at 220 to the dollar, Benefield said. It produced nearly that many vehicles last year, and the yen is now valued at about 130.

Benefield said Nissan Manufacturing had studied Smyrna as a possible site for the minivan to be produced jointly in the U.S. by Ford and Nissan. That location was rejected — in part because projected volumes had declined from 200,000 to 100,000, he said.

Benefield also said that the minivan wasn't right for Smyrna because it was very different from the Sentra and pickup built there now. Adding the minivan would have required significant modifications to the plant, Benefield said. The new car line, in contrast, can be added at a comparatively minimal cost.

Nissan's plans come at a time when many experts predict severe overcapacity in the U.S. automotive industry. That prospect doesn't concern Benefield.

"I think some of the capacity that we define in this country is really obsolete capacity," he said. "If you want to define capacity as facilities that can produce with high quality and high efficiency, we probably don't have overcapacity."

Ford-Nissan van eyed for Ohio plant

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

Ford and Nissan have apparently targeted Ford's Ohio Truck Works plant as the site of their joint effort to build a minivan.

A source familiar with the project said the automakers are planning to convert the facility into a self-contained assembly plant. Ohio Truck, in Avon Lake, Ohio, currently produces bodies for Econoline and Club Wagon vans. They are then shipped about 17 miles to Ford Motor Co.'s plant in Lorain, Ohio, for final assembly.

A Ford spokesman, however, said that a feasibility study of the proposed venture has not been completed and nothing has been approved. A union official said the site is being considered.

Phillip E. Benton Jr., president of the Ford automotive group, toured the Ohio Truck Works and Lorain plants last week. On Friday, he announced that Ford is spending $230 million to prepare Lorain for production of the all-new Ford Thunderbird and Mercury Cougar, which go on sale as 1989 models later this year. In conjunction with that program, an additional $90 million is being invested at the Walton Hills (Ohio) stamping plant.

Ford and Nissan announced last spring that they were exploring the possibility of jointly producing a vehicle. Last week, the firms said that a preliminary study yielded enough "common ground" to warrant a second research phase. A recommendation on whether the project should be carried out is expected to reach the boards of each maker in May.

Sources have said that the venture will produce about 100,000 minivans annually (Automotive News, Dec. 7, 1987) beginning in the early 1990s. They will be sold through Lincoln-Mercury dealers and through Nissan's U.S. dealer network.

It is unclear how output volume of the Econoline/Club Wagon bodies would be affected by production of the minivan in Avon Lake. But there is plenty of property around the site that could be used for expansion.

Nissan's U.S. manufacturing arm announced last week that it will not be producing the van. The project would require Nissan Motor Manufacturing to make extensive modifications to its assembly line, officials said. Nissan Manufacturing now hopes to add a second car line to its plant, in Smyrna, Tenn.

In other announcements last week, Ford said that it has invested $50 million in its Livonia, Mich., transmission plant. The effort will help increase output of four-speed automatic overdrive transmissions for large, rear-drive cars and light trucks by nearly 13 percent.

In addition, Ford is planning to add a second shift to its Michigan Truck plant in Wayne, Mich., sources said. The increase, expected in November, would reduce to three the number of Ford plants in North America not producing on double shifts. Company officials have said that they will work to full capacity at existing plants before looking for new ones.

The plant, which currently turns out about 45 Bronco and F-series trucks per hour, will produce 37 per hour on each of the two shifts, one insider said.

The increased production reflects the continuing strong demand for Ford trucks. The company's overall truck sales increased by more than 5 percent in 1987, and the company expects further gains this year.

The changes at Michigan Truck also appear to be tied to production shifts being discussed at Ford's Twin Cities assembly plant. Twin Cities is expected to add the Ranger to its lineup in addition to the full-size F-Series pickup trucks and mid-size Ranger Supercabs it now produces, said Robert Olson, president of UAW Local 879. With the addition of the Ranger, some of the F-Series output will be taken up at Michigan Truck.

Ford's output of trucks in recent years has been limited by a shortage of automatic transmissions. But that situation is expected to ease through 1989 as transmission output increases at two Ford plants.

At the Livonia plant, Ford is using a combination of new machinery and ideas generated by employee teams to free bottlenecks and increase efficiency. The changes will allow Ford to boost capacity of the rear-drive transmissions by 100,000 and bring total annual output to 895,000. The plant also produces the four-speed automatic transaxle used in the Ford Taurus, Mercury Sable and Lincoln Continental.

Other help on the transmission front will be coming in 1989 from a new electronically controlled automatic — to be used primarily on the F-250 and F-350 trucks — to be built at Ford's Sharonville, Ohio, assembly plant.

"We think we've greatly eased the situation, but it remains to be seen if we have enough rear-wheel-drive transmissions," said Henry A. Nickol, general manager of Ford's Transmission and Chassis Division.

At the Lorain plant, $124 million will go toward expansions that will create two assembly areas. A total of 40,500 square feet will be devoted to body assembly with new tooling and equipment.

A second, 90,000-square-foot, addition will house operations that will allow engines to be inserted into the rear-drive cars from the bottom — a highly unusual method.

The T-Bird/Cougar program itself represents a $1.1 billion investment for Ford.

In 1987, Lorain produced nearly 296,000 Thunderbird/Cougars and more than 236,000 Econoline/Club Wagons, the company said. The complex covers 3.5 million square feet and is Ford's largest assembly plant in North America. It employs more than 5,600 people.

In other plant news, a three-week strike at Ford's engine assembly plant in Chihuahua, Mexico, carried onthrough press time Friday. Negotiations were continuing.

The walkout threatens to cause shortages of the 2.3-liter engine used in the Ford Tempo and Mercury Topaz. Chihuahua is one of two plants producing the Tempo/Topaz engines. What started as a four- to five-week supply of Chihuahua engines is dwindling as the strike carries on. The engines are also built at Ford's engine plant in Lima, Ohio.

Automotive News Staff Reporter Francis J. Gawronski in Los Angeles contributed to this report.

Russell wins award for articles on Romanian import controversy

NEW YORK — John A. Russell, Automotive News staff reporter in New York for the past decade, received one of 19 certificates of merit presented at the Association of Business Publishers' 34th annual Jesse H. Neal awards luncheon here Wednesday.

Russell was saluted for a series last year on the companies that claimed the rights to import Romanian-made cars into the United States. At the center of the controversy was Roman Motors Corp., a Miami-based company, which senior Romanian trade and political sources insisted did not have the rights.

Another certificate of merit was awarded to a team from Advertising Age, another publication of the Crain Communications group, for its coverage of the J. Walter Thompson buyout.

Russell

The Neal awards are presented to reporters and editors for outstanding editorial performance. William J. O'Donnell, president of Association of Business Publishers, hailed the winners for their "outstanding style in the face of the keenest competition."

The panel of 15 judges was chaired by Henry F. Schulte, professor of journalism at Syracuse University.

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